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EXPANDING CHINESE NAVAL POWER AND MARITIME SECURITY IN SOUTHEAST ASIA

by

David Winterford

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<p>The collapse of East-West competition for global preeminence is unleashing powerful forces for strategic change in the Asia-Pacific region. A reconfiguration of the regional security balance is taking place, especially a resurging naval rivalry, as aspiring hegemony--notably China, Japan and India--jostle for leadership roles. This report examines the central role being played by China in the unfolding security changes in Asia. Chinese naval modernization is analyzed within the context of China's Southeast Asian maritime interests, its new maritime strategy, and its evolving naval capabilities.</p> <p>The report recommends: maintaining a significant U.S. naval presence in Asia to protect American economic and political interests in the region; creating a loose yet textured and inclusive multilateral set of security relations in the Asia-Pacific region; initiating a Sino-American naval rapprochement as a prelude to enhanced regional naval cooperation; and, reassuring America's friends in the region through a continuing American naval deterrence.</p>				
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Expanding Chinese Naval Power and Maritime Security in Southeast Asia

by

David Winterford¹

1. Introduction

The collapse of East-West competition for global preeminence is unleashing powerful forces for strategic change in the Asia-Pacific region. Three factors are especially instrumental in altering the layered set of bilateral security relations established by Washington in the post war period:² first, deep and widespread regional concern over a potential precipitous American withdrawal from Asia; second, regional uncertainty over emerging major power rivalries and intentions in the region; and, third, the corrosive effects of durably persistent economic frictions between the United States and virtually all the significant economic actors in the region, including China, Japan, South Korea, Taiwan, and some of the states in the Association of Southeast Asian Nations (Asean),³ notably Malaysia and Thailand.

1. The views expressed are the author's and do not necessarily represent the position of the U.S. government, Department of Defense, or the U.S. Navy. This paper is part of a larger study by the author on *New Naval Rivalries in Southeast Asia: Expanding Indian, Chinese and Japanese Naval Forces*.

2. For a fuller discussion of these issues, see David Winterford, *Southeast Asian Security: New Trends Upsetting the Regional Balance*, Naval Technical Report, No. NPS-NS-92-003 (Alexandria, VA: Defense Technical Information Center, February 1992).

3. Asean is composed of Brunei, Indonesia, the Philippines, Malaysia, Singapore and Thailand. For a discussion of the origins and early security concerns of Asean, see Michael Leifer, *Asean and the Security of Southeast Asia*, London: Routledge, 1989.

As these unfolding factors present Washington and regional capitals with thorny and often contradictory troubles in the near-to-medium term, refashioning and freshening America's bilateral relations in the Asia-Pacific region is likely to become ever more insistent. In particular, with the United States embarking on fundamental domestic economic rejuvenation, a portion of the cost associated with the social and economic restructuring of the United States is quite likely to be transferred to, and unwillingly received by, America's chief trading partners across the Pacific. Indeed building toward America's economic resurgence is unlikely to be a win-win situation in the short term for the United States and its Asian competitors.

Nevertheless pervasive and deepening economic tensions⁴ must not obscure ongoing military and security developments in the region which may present both new opportunities and challenges to the United States. The most notable of these developments is a visible reconfiguration of the regional security balance as Asian powers seek to enter what they may see as a window of opportunity arising from a shrinking superpower presence in the Asian-Pacific region. The remainder of the 1990s holds the prospect of significant intra-Asian rivalry, especially resurging naval rivalry, as aspiring regional hegemon--especially China, Japan and India--jostle for leadership roles.

The outcome of this competition is far from certain as each contender possesses unique strengths and weaknesses, features which the United States must effectively utilize as it charts its course for reviving flagging national

4. For an analysis of America's faltering economic stake in Southeast Asia, the critical need to reverse the relative decline in America's economic presence and access in the region, and the need to link America's security commitment to the region to national economic interests, see David Winterford, *Reshaping America's Security and Economic Relations with Southeast Asia*, Naval Technical Report, No. NPS-NS-92-004 (Alexandria, VA: Defense Technical Information Center, March 1992).

capabilities. Nor is it yet clear which of these contending potential regional hegemons might best serve the interests of the region or best suit the overall interests of the United States in the region.

In looking at the changing contours of Asian security, this paper examines the central role being played by China in the unfolding security drama in Asia. China is a focal point for the other two major Asian naval powers, India and Japan, and China is emerging as a more dominant political and military actor in East and Southeast Asia. This paper places Chinese naval modernization within the context of China's Southeast Asian maritime interests, its shifting maritime strategy, and its evolving naval capabilities. Recent naval developments suggest that the time may be at hand for a multilateral set of security relations in the Asia-Pacific region, a maritime rapprochement which may offer some reassurance to East and Southeast Asia nations worried over both America's commitment to the region and the regional ambitions of emerging naval powers like China.

2. China and the Regional Order

The end of the Cold War and the reshaping of the global balance of power which is currently underway are two primary factors altering China's international position. As the world focuses on the dramatic changes in the former Soviet Union, including a potential implosion of that deeply troubled and fragmented land, China has discovered that it no longer occupies a central position in *global* international relations. However China remains a massive player in *Asian* affairs.

As the most populous country in the world, with a GDP of over \$400 billion, China is of critical military and economic importance in Asia. This fact has been recognized by Japan, and partly explains Japan's early deviation from western restrictions and sanctions imposed against China after the 1989 incident in Tiananmen Square. Recognizing both the central role of China, and the dangers of Chinese instability for Asian security, Japan muted its response to Tiananmen Square and subsequently has moved furthest and fastest to restore friendly relations with Beijing. Indeed Japan was the first major country to end economic sanctions and China's diplomatic isolation.⁵

The chief enduring objective in China's foreign policy has been to counterbalance threats to its security. During the Cold War, Beijing's influence in world affairs came increasingly to depend on the fulcrum role it played in the global balance of power. In the 1950s when China saw the United States as its major enemy, Mao quickly reached an accord with Stalin as a means of mitigating feared hostile U.S. actions. It was this which brought China to war with the United States in Korea and in part the United States to war in Vietnam.⁶ In the 1960s and 1970s as China's leadership began to see Moscow as the greatest threat to China's security, Beijing shifted again and initiated productive trade, financial, technological and military links with the west.⁷

5. *Economist*, 17 August 1991.

6. "Recently revealed documents from Beijing indicate that Mao, believing a military confrontation with the United States inevitable over either Vietnam, Taiwan or Korea, opted to fight in the arena most accessible and easiest to control (Korea)." Nancy Bernkopf Tucker, "China and the United States: 1941-1991," *Foreign Affairs*, vol. 70, no. 5 (Winter 1991/92) p. 80.

7. David Winterford, "Gorbachev's 'New Thinking' and Soviet Foreign Policy in Asia: Evolving Sino-Soviet Relations," in William Berberet and Ronald Loftus, eds. *In the Pacific Interest*, Salem OR: Willamette University, 1990.

At the peak of superpower rivalry, China was a force neither east nor west could ignore--a nuclear armed, billion person trump card which intimidated both Washington and Moscow. The 1990s have however wiped much of the slate clear of the certainties of the cold war. From Beijing's viewpoint treacherous Soviet opportunism has yielded first, a strategic rapprochement between capitalism and communism, a rapprochement engineered by the detested Gorbachev and culminating in a fraternal Washington-Moscow global condominium; and second, the unexpected and profoundly unwelcome internal collapse of the Soviet Union. As seen by some of China's aging but resolute leadership, without the Soviet Union as a counterweight to the United States, what deters a "dangerously arrogant and intrusive" America?⁸

Indeed one impact of the 1990-1991 Gulf War has been to confirm to the leadership in Beijing that military modernization needs to advance and that much higher defense spending will be required. Although the current Chinese defense buildup predates the Gulf War the decisive victory by the United States and its coalition partners pointedly and painfully illustrated the backwardness of the People's Liberation Army (PLA) and its general lack of preparedness to fight high technology warfare. The leadership has reacted with a mixture of envy and dismay to the stunning use of advanced technology by the United States in the Gulf War.⁹ One of the most telling lessons of that war drawn by Beijing is that superiority in numbers matters little against quality of weapons and forces.¹⁰ In other words, the Gulf War demonstrated to Chinese strategists their wisdom in

⁸ · *Washington Post Weekly*, 15-21 July 1991.

⁹ · *New York Times*, 27 March 1991.

¹⁰ · *Washington Post*, 27 March 1991.

jettisoning several years ago a fundamental principle of Maoist military theory, the people's war.

The decisive and expeditious coalition victory has also heightened Beijing's sense of vulnerability to American pressure¹¹. Hard-liners in the Chinese leadership fear that the U.S. is bent on exploiting its victory on the battlefield to realize the creation of a "New World Order" on American terms.¹² From Beijing's perspective, Washington seems intent on creating a "unipolar" world, presumably dominated by the United States.¹³ Some influential Chinese advisors are even warning that in the aftermath of the Gulf War, the United States will move against China to eliminate a key obstacle to American global supremacy.¹⁴ Advocates of this position assert that the United States plans to shift its forces eastward to dominate Japan and China. An even more extreme

11. Even before the the coalition forces achieved military victory over Iraq, high-level Chinese officials were expressing deep concern over the implications for China of an American-led victory in the war. China's State Council and representatives of the General Office of the Communist Party Central Committee held secret meetings on 16-17 January to discuss the Gulf War. A document produced at the meeting characterized the conflict as a "struggle between global and regional hegemonisms" and declared that the U.S. objective was "first to teach Saddam Hussein a lesson and then to dominate the world." *Far Eastern Economic Review*, 31 January 1991. Hong Kong newspapers controlled by Beijing quickly echoed these views with *Wen Wei Po* referring to the conflict as "a war for the interests of the U.S.A., a war contending for hegemony over petroleum, and a war between world hegemonism and regional hegemonism." *New York Times*, 1 February 1991.

12. *Far Eastern Economic Review*, 14 November 1991. This concern was underscored during the visit of Chinese President Yang Shangkun to Pakistan and Iran in October 1991. Ever closer military ties between Beijing-Islamabad-Teheran suggest that Beijing is seeking a strategic triangular consensus in response to America's expanding influence in the region. It may be that China is seeking to create a "united front" among countries disaffected with the United States as a means of countering American global dominance.

13. See *Asian Wall Street Journal Weekly*, 23 September 1991 and *Far Eastern Economic Review*, 10 October 1991.

14. *Asian Wall Street Journal Weekly*, 6 May 1991. For another discussion of the alarmist world view held by some of Beijing's hard-line leadership, see *Christian Science Monitor*, 8 October 1991. An internal Chinese Communist Party document prepared for restricted circulation among high-ranking Chinese officials by He Xin, a close advisor to Premier Li Peng, depicts the U.S. as an enemy nation bent on destroying China's communist system. For an extensive discussion of this document see *Asian Wall Street Journal Weekly*, 22 July 1991. U.S. officials have also stated that some Chinese leaders believe "the United States is out to get them." *Washington Post Weekly*, 15-21 July 1991.

view holds that Washington intends on establishing an Asian-Pacific empire.¹⁵ The strategic goal of the U.S. toward China, according to these alarmists, is to isolate and blockade China in order to force China's disintegration by instigating internal disorder and eventually turning China into "a subservient democracy."¹⁶

Certainly not all or even most of these views appear to be embraced by China's top leadership, nevertheless since the end of the Gulf War senior Chinese leaders have placed a new emphasis on developing state of the art technology and seem to have concluded that military science and technology constitute essential components of national power.¹⁷ Thus Premier Li Peng has elevated science and technology from third to first among China's "four modernizations", putting it ahead of industry and agriculture.¹⁸ Reinforcing this revision in national priorities, China imported \$1.5 billion worth of high technology during the period January to June 1991, or 24% more than in all of 1990.¹⁹

Moreover to allow the PLA to begin upgrading its firepower, Beijing has raised defense spending in 1991 by a substantial 12% over the previous year, an increase which far outpaces both the overall 5% rise in government spending

15. An unidentified advisor to Premier Li Peng reportedly believes that China needs to combat an American plot, implicit in the Gulf War, to control world energy and then build an Asian-Pacific empire. *Economist*, 6 February 1991.

16. *Asian Wall Street Journal Weekly*, 6 May 1991.

17. *Asian Wall Street Journal Weekly*, 6 May 1991.

18. The strategy, devised by Communist Party Secretary General, Jiang Zemin, and China's Premier Li Peng, is termed "National Prosperity Through Science and Technology." A vigorous and coordinated national campaign has been undertaken to move science and technology to center stage on the national agenda. *Asian Wall Street Journal Weekly*, 1 July 1991.

19. *Christian Science Monitor*, 28 October 1991.

and the 4.5% growth of GNP in 1991. This upsurge in defense expenditures follows an even sharper increase of 15.5% in military spending in 1990.²⁰ Nor do these budgetary allocations reflect the total resources available to the PLA: substantial additional funds are obtained from China's booming arms exports and from civilian factories under military control.

A critical message is being sent by the authorities--the military is again near the top of national priorities. Of importance, these increases are taking place against a backdrop of rising budget deficits and a domestic economic slowdown. Despite the domestic economic sacrifices being generated, similar increases in defense spending should be expected throughout the course of the new 1991-95 Eight Year Plan.²¹ Indeed reports indicate that military commanders have been promised double-digit annual increases through 1995.²² These spending priorities reflect the enhanced influence of the PLA since the restoration of domestic order and repression of the democracy movement over the last two years.

China's leadership knows that the old Washington-Beijing-Moscow strategic triangle is gone, and with it a considerable degree of China's influence on global although not regional affairs. The gerontocracy in Beijing seems to have concluded that resurrecting China's global influence, enhancing its formidable regional influence and restraining the United States might all be accomplished by several policy initiatives including enhancing China's naval role in the region.

20. *New York Times*, 27 March 1991.

21. *Far Eastern Economic Review*, 8 August 1991.

22. *Far Eastern Economic Review*, 4 April 1991.

Some indication of China's evolving naval priorities in the Asia-Pacific may be gained by examining the security, economic and political rationale for modernization of the navy. The People's Liberation Army Navy (PLAN) is at a critical juncture: centuries of Chinese continentalist introspection is being overcome as the navy wins recognition for its importance in defending and advancing the interests of the Chinese state.

3. The Rationale for Chinese Naval Modernization

For several reasons, until recently Chinese leaders have paid little attention to the PLA navy: first, the bloody civil war between communists and nationalists and the resolute anti-Japanese war from the late 1920s to 1949 were land campaigns which reduced the relevance of the sea; second, having fought a lengthy land-based guerrilla war, few Chinese leaders had any appreciation of naval matters.²³

When the PLA navy was established in 1949, it was little more than a coastal appendage of the ground forces--a ragtag fleet numbering about 180 craft left by the departing Nationalists as they made their way to Taiwan. For the next 3 decades the navy continued to rank low in military priorities although it did receive funds for modest expansion and Soviet assistance in the 1950s. Nevertheless the overwhelming preoccupation of Chinese defense planners in this period was with land conflicts: the Korean war threatened to spill over into China; disagreements over borders saw major conflict with India in 1962; and,

²³ . Tai Ming Cheung, *Growth of Chinese Naval Power*, (Singapore: Institute of Southeast Asian Studies, 1990).

the ideological dispute and resulting Sino-Soviet split entailed a major Soviet military buildup along the 3500 mile border with China. Even relations with Vietnam turned sour in the early 1970s and eventually deteriorated into a border war in 1979.

By comparison, naval disputes were secondary and small scale. The most significant naval operations were the liberation of Hainan island from Nationalist forces in 1950, the support of ground units during the confrontation against Nationalist and U.S. forces across the Taiwan Straits in the late 1950s, and the forcible taking of the Paracel Islands from South Vietnam in 1974. Despite the forbidding presence of the U.S. Seventh Fleet off the Chinese coast throughout the 1950s, the main threat from the US was thought to be nuclear not an invasion from the sea. Consequently, the navy suffered in the allocation of resources and confined itself almost exclusively to coastal defense duties.²⁴

A number of critical developments forced a reappraisal of the navy's role from the mid 1970s. First, strategically the Soviet navy's rapid growth from a regional into blue water fleet effectively extended the Sino-Soviet border confrontation into the maritime area. Second, new Soviet naval might in Asian waters brought home China's vulnerability to a seaborne threat. Third, the high priority Moscow placed on building up the Pacific Fleet and the extension of its activities to Southeast Asia, including the establishment of port facilities at Cam Ranh Bay and Da Nang in Vietnam, alerted Beijing to Soviet naval threats and suggested to Beijing that Moscow was attempting to encircle China. Fourth, the Paracels operation in 1974 brought the navy new visibility. Fifth, Chinese naval policy makers saw Soviet-American strategic rivalry as one of the main sources

²⁴ . Cheung, *Growth of Chinese Naval Power*, p. 3-5.

of danger for China. Superpower maritime activities and doctrines seemed to heighten the prospect of a Pacific war.²⁵

Of central importance, Deng Xiaoping's accession as paramount leader following the overthrow of the radical gang of four in late 1976 marked a watershed in the navy's fortunes. Deng was determined to reverse the damage wrought by the Cultural Revolution, including the deterioration of equipment in the navy and the overt politicization of the senior naval commanders.

For the first time the central leadership in Beijing took an interest in naval matters. This was helped by an emerging generation of senior officers dedicated to the navy. Earlier most top naval commanders were army officers assigned to the fledgling organization. As chief of the PLA general staff in 1974, Deng had personally overseen the Paracel Islands operations and was thus intimately aware of the severe weaknesses in the navy. Alarmed by the navy's deficiencies, in 1979 he set the goal of building a powerful navy that had modern combat capabilities and Deng redefined the navy's missions from primarily coastal defense duties to becoming capable of blue water operations.

The navy also received a major boost from the domestic economic reforms undertaken by Deng. Determined to raise Chinese living standards and build a more productive national economy, Deng sought to establish and then strengthen China's economic links to western economies. The economic successes of other East and Southeast Asian nations had not gone unnoticed in Beijing: emulating their export oriented sea-borne trade was critical and that made sea lanes of communication vital to Beijing.

25. David Winterford, "The Soviet Naval Buildup in Southeast Asia: Implications for China and Asean," in Frances F. W. Lai, ed., *The Emerging Relations Between China and Southeast Asia* (Hong Kong: Center for Asian Pacific Studies, 1988).

Moreover, the establishment of Special Economic Zones made China's coastal seaboard of growing strategic significance. By 1988 the Coastal Development Strategy created an "open door" coastal belt with almost 300 cities stretching from the China's northeast coast to Guangdong province in the south.²⁶ While China's heavy industry remains centered in northeast and central China, modern technology and foreign investment is concentrated in the economic powerhouse of the thirteen coastal provinces. The coastal provinces now contribute 70% of China's GNP and the five Special Economic Zones regularly attain industrial growth rates in excess of 15% per year.²⁷ This output bonanza has fueled an explosive growth in China's seaborne export trade: exports now account for over 20% of GNP, compared to 4% at the beginning of economic reforms in 1978.²⁸ By 1990 China's surging seaborne exports created a trade surplus amounting to nearly \$9 billion, helping to swell China's foreign exchange reserves to \$30 billion.²⁹ Reasonable assumptions about China's short term economic policies indicate that by the end of 1993 foreign exchange reserves could reach a mid-range estimate of \$74 billion.³⁰ With such profound changes

26. Fuh-wen Tzeng, "The Political Economy of China's Coastal Development Strategy," *Asian Survey*, vol.xxxi, no. 3 (March, 1991), pp. 270-284.

27. *Economist*, 5 October 1991.

28. *Asian Wall Street Journal*, 25 September 1991.

29. *Economist*, 1 June 1991. Partly as a result of western-imposed sanctions after the Tiananmen incident and partly by significantly reducing imports, China enjoyed a bilateral trade surplus of \$10.4 billion with the United States in 1990, a sharp increase from \$3.5 billion in 1988. Estimates suggest China's 1991 trade surplus with the U.S. is between \$13-14 billion. *Christian Science Monitor*, 27 December 1991.

30. *Asian Wall Street Journal Weekly*, 16 December 1991. The central assumption underlying this projection is that China adheres to its current policy of keeping export and import growth rates roughly equal at about 15% per year. Other variables include foreign investment increasing by 10% and foreign commercial borrowings by 15%. Under the most optimistic scenario China's foreign exchange reserves could then increase to \$108 billion by the end of 1993. If China reaches a compromise with the United States on enduring bilateral trade frictions then the scenario suggests foreign exchange reserves may drop to \$58 billion--much less than the most optimistic view but much higher than current reserves. Estimated reserves of \$74 billion in 1993

in China's economic structure,³¹ it was not long before China's naval strategists argued that maritime strategy and capability was central to national security. Moreover healthy foreign exchange reserves offered considerable scope for maintaining, indeed accelerating, modernization of the PLA navy.

The concern in Beijing is not that coastal regions are currently at any direct risk from external threats. Rather the concern is that offshore territory or resource disputes could have an adverse impact on the development of coastal regions and that such conflicts might frighten potential foreign investors. For example, Beijing foresees Hainan Island, off Guandong coast, becoming a base for exploring potentially vast offshore oil resources and eventually becoming a major oil and petrochemical center. However, as indicated later in this analysis, China, Vietnam and others have rival claims in the Paracels and Spratlys making full exploration of these offshore oil fields unlikely until the disputes are solved. The vast economic potential of offshore resources and divided claims to the maritime territories are central to enduring maritime tensions in the region.

China's naval planners have seized on the vital economic importance of China's coastal provinces and the lucrative offshore resources as primary justifications for larger resource allocations for the navy. The economic gains from securing maritime resources is seen as far higher than the cost of enhancing the fleet. It is argued that even short term economic benefits are huge: by 2000 it is estimated that the output value of marine exploitation will be

thus do not seem unreasonable. Under any of these projections modernization of the PLA might face far less of a foreign exchange constraint than is commonly assumed.

31. For a concise assessment of major economic problems confronting China, see Harry G. Gelber, "China's New Economic and Strategic Uncertainties and the Security Prospects," *Asian Survey*, vol. xxx, no. 7 (July 1990), pp. 646-688.

more than 2% of China's GNP.³² These resources fall within the 3 million square kilometers of maritime territory claimed by China. However, Chinese naval strategists point out that well over 1 million square kilometers of this territory is occupied or being "illegally" exploited by other countries.

Although the Spratlys are at present the most important naval priority, nevertheless they are of short term importance. The longer term priority is to establish China as a major regional sea power with an expanded sphere of influence. For China to achieve this goal, it must deter competition from other aspiring naval powers, most significantly from India and Japan, as well as address challenges from the United States and Russia.

Currently, Chinese naval analysts appear skeptical of Russian naval intentions noting the continued modernization of the Russian Pacific Fleet. After the Gulf War the U.S. Navy is also seen as an inherent threat to international stability. Overall, Beijing strategists are well aware that the Chinese navy is no match for the Russian fleet in Northeast Asia; confronts looming Indian and Japanese naval competition in Southeast Asia; and faces a global naval challenge from the United States.

4. China's Naval Doctrine and Strategy

China is presently undergoing a major maritime renaissance of historical significance.³³ Consequently, Chinese naval doctrine and strategy is in

32. Cheung, *Chinese Naval Power*, p. 7.

33. Gary Klintworth, *China's Modernization: The Strategic Implications for the Asia-Pacific Region* (Canberra: Australian Government Publishing Service, 1989) p. 46.

transition. Between the 1950s and early 1980s, naval doctrine was no more than an extension of the Maoist People's War doctrine at sea. As formulated in 1950 by the former navy commander, Xiao Jingguang, the doctrine stated that:

the navy should be a light type navy, capable of inshore defence. Its key mission is to accompany the ground forces in war actions. The basic characteristics of this navy is fast deployment, based on lightness.³⁴

Primarily defensive in nature, the navy's main objective was to support the army in defending against a combined land and sea invasion. In effect, the strategy called for swamping the enemy as it approached the coast. Supporting its doctrine, the navy established the "three-point pillars" of its forces: torpedo boats, land-based naval aircraft and submarines. Overall, from 1950 to the early 1980s, the navy built a large number of small vessels for "guerrilla skirmishes at sea," although few of them were suitable for modern warfare.

This narrow coastal defense strategy (*Jinan Fangyu*) began to be revised with the appointment of Liu Huaqing as the navy's commander in 1982.³⁵ Throughout the 1960s and 1970s Liu was in charge first of naval Research and Development and then of national military research. This experience made him a major proponent of a modernized navy and a corresponding maritime strategy. It is noteworthy that Liu had studied in the Voroshilov Naval Academy in the Soviet Union in the 1950s, just at the time that Admiral Gorshkov was shaping the Soviet maritime strategy for green water power. Liu's thinking bears the unmistakable influence of Gorshkov's belief in high-tech and modern equipment as essential for naval buildup.

³⁴. Xia Jingguang, *Xia Jingguang's Autobiography* (Beijing: PLA Publishing House, 1988) pp. 31-35 as cited in You Ji and You Xu, "In Search of Blue Water Power: The PLA Navy's Maritime Strategy in the 1990s," *The Pacific Review*, Vol. 4, No. 2, 1991, p. 139.

³⁵. The next several paragraphs are based largely on You Ji and You Xu, "In Search of Blue Water Power," p. 139-142.

The early coastal defense strategy assumed that the Soviets were the main threat. But this assumption was revised by Liu given accelerating moves toward rapprochement between Beijing and Moscow and Gorbachev's determination in the late 1980s to ease military tensions with China. Instead the strategic assumption shifted to a new focus on local and limited wars. The naval implications of this new strategic posture were enormous--with the Soviet threat downgraded, naval planners could switch their focus to neighboring navies, most of whom were weaker. No longer the underdog in a regional naval balance, the navy began adopting a more assertive and forward projecting role.³⁶ Not long after becoming the navy's commander, Liu fashioned a new maritime strategy characterized as an active green water defense strategy.

Under this new maritime strategy a long term development program was put in place, aiming ultimately at blue water power status. The green water phase should be seen as a transition to blue water capability. The current naval strategy emphasizes an "active defense" or offense after a period of defense. To protect China's coastal cities, defense has to be deployed far from inshore waters and requires a large maneuvering space. Unlike Maoist naval strategy, Liu's new strategy would confront the enemy in the outer approaches and stop any advance before incursions into coastal waters occurred. The navy may retreat in tactical battle directions only after weakening the enemy's initial offensive and when this retreat serves as a prelude for a later retaliatory strike.

The concept of "green water" or offshore waters has been given a particular strategic meaning. Its scope covers the entire maritime territories claimed by China. Geographically, it stretches from waters bordering Vladivostok in the north, sweeping inclusively past Japan and the Philippines to

³⁶. Cheung, *Chinese Naval Power*, p. 38.

the Straits of Malacca in the south. Some of the areas covered by "offshore waters" are 1000 nm from the Chinese mainland.³⁷

Central to this strategy is the need for effective control of territorial waters, which Chinese naval analysts argue are being increasingly encroached upon by other countries.³⁸ For now this strategy is directed primarily against Vietnam and other Southeast Asian nations who are deemed to be transgressors. Previously, China reacted only when an encroachment took place but the new offshore strategy states that incursions are to be prevented by defending as far forward of China's 200 km limit as possible.

The sea control doctrine aims to turn adjacent seas into core bastions of Chinese naval supremacy. While the peacetime goal is to prevent economic encroachment, in war it serves to provide protection for both China's coastal regions and for its underwater nuclear deterrence. While the noise and limited range of China's submarine launched ballistic missiles pose no threat to either the United States or Russia, China's strategic missile nuclear submarine fleet could operate with reasonable safety and effectiveness against regional navies in the Indian Ocean and Southeast Asia.³⁹

China's new naval strategy reflects a belated recognition of the independent contribution the navy can make to achieving strategic and tactical objectives. While naval planners are clearly aiming for blue water capability, currently the strategy buttresses the navy's ability to deal with local wars and regional maritime disputes. Chinese strategists have evolved the theory that

37. You Ji and You Xu, "In Search of Blue Water Power," p. 140.

38. *Far Eastern Economic Review*, 8 August 1991, p. 32.

39. Cheung, *Chinese Naval Power*, p. 41.

"the traditional, defensive-orientated, protracted strategy of people's war in defending China from a general invasion is not suitable for offense-oriented warfare under the new local war strategy where campaigns are designed to win quick decisions."⁴⁰ Indeed acting on Deng Xiaoping's original "First Force" proposal of the early 1980s, Liu began fashioning the new rapid reaction forces designed for regional or border wars. In 1988, the Central Military Commission called for the formation of "fist units". Their mission is to provide the military with the ability to deploy a force within 13-19 hours and engage the enemy immediately on arrival. Marines are included in the "fist units" and their role as a rapid reaction expeditionary force would be a key factor in any future conflict in the South China Sea.

To prepare for limited naval warfare, the navy has worked out detailed short-, medium- and long-term plans.⁴¹ Three phases of a naval buildup are envisioned:

Phase One is expected to take to the end of this decade. In Beijing's plan to the year 2000, priorities include the development of rapid response sea combat forces, including warships, submarines and aircraft. Top priority is on upgrading technology levels rather than increasing warship numbers. By the end of this first phase the navy should possess: a relatively large arc of action, reaching the first island chain of the North and South China Seas; a strong rapid response capability; reasonably effective amphibious power; independent air protection and attack forces; and a credible second-strike nuclear deterrence capability.

⁴⁰. *South China Morning Post* (Hong Kong) 16 December 1990.

⁴¹. You Ji and You Xu, "In Search of Blue Water Power," p. 141.

In the first phase, the attack forces are to be composed largely of land-based medium range bombers and fleets of attack submarines. The medium-sized surface ships equipped with helicopters will serve as command and protective forces. Each of the navy's three fleets is to establish one task force capable of ocean navigation. After establishing these task forces, the navy plans to accelerate their blue water training and control.⁴²

In *Phase Two* which carries navy planning to 2020, the navy will gradually become a global force. By then, the task forces established in the first phase will be headed by aircraft carriers and will have air, surface and submarine attachments. To achieve this goal, advanced equipment must be obtained or developed. In addition to aircraft carriers, new nuclear ballistic missile submarines and new-generation surface ships are to join the fleet. *Phase Three* goes beyond 2020 and assumes China will then have a naval capability associated with being a major sea power.

China's ongoing naval acquisitions indicate a continual upgrading of capabilities in accord with *Phase One*.⁴³ A new generation of improved warships is gradually entering service--for example, the first *Luda* class guided missile destroyer was commissioned in 1971; it has been subsequently overhauled and fitted with ship-to-ship missiles, ASW equipment, a satellite navigation system and a helicopter deck. The navy has also completed the modernization of another *Luda* destroyer and now has at least four helicopter equipped ships.⁴⁴ In total, seventeen *Luda*-class ships have now been built. A new class of larger

⁴². See Appendix 2 below for China's major naval bases and fleet deployments.

⁴³. See Appendix 1 below for China's naval order of battle.

⁴⁴. *The Military Balance*, 1991-1992, in the *Asia-Pacific Defence Reporter*, vol. xviii, nos. 6/7, December 1991/January 1992, p. 139.

destroyers, able to sail further and faster, is also expected to enter service by the mid 1990s. The development of frigates has similarly been relatively rapid. Of the thirty-seven frigates in the fleet, the latest to enter service is the *Kaifeng* class of fully enclosed escorts. This class is capable of operating under nuclear, biological, and chemical environments. Similar to China's other frigates, the *Kaifeng* is designed primarily for shallow water duties. This stems from China's severe technological limitations in the development of sophisticated anti-aircraft and anti-submarine armaments, capabilities which are essential for deep water operations. It also indicates that China's naval planners are currently concentrating their efforts on forging a strong navy that is most effective operating hundreds not thousands of kilometers from home.⁴⁵

Another key priority is the strengthening of a major submarine force. Not including about 30 mothballed *Whiskey* class submarines, China has a little under 100 submarines including one *Xia* class strategic missile nuclear submarine(SSBN), four *Han* class nuclear attack submarines (SSN), one improved *Romeo* cruise missile conventional submarine (SSG), 3-4 improved *Ming* and 84 *Romeo* submarines. The Chinese navy has also demonstrated its capability of launching a submarine launched ballistic missile (SLBM) from a submerged *Xia*. There is some dispute among analysts over the capability of the *Xia* with estimates ranging from 12-20 missiles. It was thought that another 2-6 *Xias* were to be built to bring the force to between 4-8 submarines, the minimum needed for a round-the-clock sea based deterrent.⁴⁶ However very recent reports suggest that China has abandoned the construction of additional *Xia* SSBN and, instead, is planning the development of a larger and more modern ballistic

⁴⁵. Cheung, *Chinese Naval Power*, p. 23.

⁴⁶. Cheung, *Chinese Naval Power*, p. 25.

missile submarine. This new design is believed to be close to construction.⁴⁷ Meanwhile SSNs are slowly being launched at the rate of one every three years.⁴⁸

5. The Regional Impact: Chinese Naval Forces and Southeast Asia

The impact of China's expanding naval capability on Southeast Asia must first be placed within the overall context of Beijing's current political relations with the region. Here the picture is mixed. During the 1980s China formed a tacit alliance with Asean as each worked to oppose and then reverse Vietnam's invasion of Cambodia. Indeed China's ties with Thailand were significantly strengthened through the provision of Chinese weapons at "friendship prices" as Thailand sought additional political and military contacts in mitigating its status as Asean's "frontline state" against Vietnam.⁴⁹ Vietnam's eventual capitulation to Beijing and withdrawal of forces in 1989 was seen by Beijing as further enhancing China's regional and global prestige.

These expectations were rudely shattered in 1989 by the Tiananmen Square incident. Southeast Asian reaction to Tiananmen was muted, or as some have stated, more "rational",⁵⁰ especially in contrast to the outrage in the West. Nevertheless confidence was undermined in Hong Kong and unease spread to

47. *The Military Balance, 1991-1992*, in the *Asia-Pacific Defence Reporter*, p. 139.

48. A.W. Grazebrook, "More Ships, More Sailors for Regional Navies," *Asia-Pacific Defence Reporter*, vol. xviii, nos. 6/7, December 1991/January 1992, p. 69.

49. R. Bates Gill, "China Looks to Thailand: Exporting Arms, Exporting Influence," *Asian Survey*, vol. xxxi, no.6 (June 1991), pp. 526-539.

50. Lee Lai To, "Domestic Changes in China Since the 4 June Incident and their Implications for Southeast Asia," *Contemporary Southeast Asia*, vol.13, no. 1 (June 1991), p. 37.

other regional capitals. An unstable China could either become a regional vortex or it could use regional adventurism to divert domestic opposition. Recent Chinese actions to reduce tensions with Vietnam and form a new policy toward overseas Chinese should be seen as part of a larger design to restore China's pre-Tiananmen Square stature in Southeast Asia. Diplomatic fences are being repaired and political rapprochement utilized in ways which seek to soften regional concern over China's growing naval capability.

With the establishment of diplomatic relations with Indonesia and Singapore in 1990, China has essentially completed the process of repairing the damage to its political relations with non-communist Southeast Asia wrought by Chinese sponsorship of leftist insurgent movements in the 1960s. Nevertheless pervasive unease plagues China's relations with its neighbors. As China's navy gathers force, India and Bangladesh worry that leakage from China's large arms sales to Burma's repressive military government could filter back to resistance forces in northeast India and the hill areas of Bangladesh. Taiwan remains uneasy that small arms smuggled from China could provide Taiwanese opposition groups with lethal weapons to advance an independence agenda that neither Taipei nor Beijing advocate. Repeated Chinese threats to use naval and air capability to crush any moves toward Taiwanese independence provoke continued regional concern. Beijing's supply of arms to Cambodia's notorious Khmer Rouge, temporarily in abeyance but perhaps not permanently halted, has been an effective policy tool against Hanoi in China's long struggle to subdue and create a more compliant Vietnam. While China's material support of the Khmer Rouge in the 1980s fit Asean's agenda for wresting Cambodia from Hanoi's grip, nevertheless Thailand, Indonesia, Malaysia, and the Philippines

know that this policy tool could also be used to affect their internal political world.

Overall, Beijing's quest for renewed influence has been received in Southeast Asia with a mix of suspicion and hope. Historically China's intentions towards the region have been suspect. Understandably nations in the region remain apprehensive over China's long term intentions. Although regional fears include China's policy of dominating its smaller neighbors and the commercial prominence of overseas Chinese residents in virtually all of the Asean states, it is China's emerging naval capability and its implications for the South China Sea conflict zone that have generated much of the recent concern.⁵¹

Part of southern China geographically abuts Southeast Asia and one of the 3 Chinese fleets⁵² --the South China Fleet--is based there and was responsible for the 1988 clash with Vietnamese ships and outposts on the Spratly Islands in which China eliminated Vietnam's presence on several of the Spratlys.⁵³ Of note, in this clash Chinese forces went virtually unchallenged by Vietnamese warships, and Soviet forces in the region offered no overt assistance to their Vietnamese allies. Moscow's interest in detente with Beijing had by then rendered the Soviet deterrent in Southeast Asia non-operational.

The clash between Vietnamese forces and China's South China Fleet over the Spratlys seems to have left an indelible imprint on the Southeast Asian strategic mindset. *China is viewed as very willing to use force to press its territorial*

51. Julius Caesar Parrenas, "China and Japan in Asean's Strategic Perceptions," *Contemporary Southeast Asia*, vol.12, no.3 (December 1990) pp. 198-224.

52. See Appendix 2 below for major Chinese naval bases and fleet deployments.

53. For a concise discussion of the 1988 naval clash and its immediate aftermath, see Chang Pao-Min, "A New Scramble for the South China Sea Islands," *Contemporary Southeast Asia*, vol.12, no. 1 (June 1990), pp. 20-39.

claims, an evaluation which is noteworthy as China has traditionally claimed all of the South China Sea.

Expanding Chinese naval activities in the area pressed others to accelerate and consolidate rival claims to the potentially oil-rich islets and islands. Ownership of the Spratlys is disputed by Brunei, China, Malaysia, the Philippines, Vietnam and Taiwan. Malaysia dispatched troops to the islands it had occupied in the 1980s, Vietnam landed forces on the fourteenth island it claimed and may now occupy 20 island reefs while the Philippine Congress redefined Philippine boundaries to incorporate scores of Spratly islets. China has responded by enhancing its naval presence in the South China Sea with the basing of two battalions on one of the islands.

The scramble for the Spratlys reinforced the concerns of some Chinese strategists that these islands may well be the most explosive regional issue in the 1990s.⁵⁴ Indeed with regional security issues figuring more prominently on the Asean agenda much more attention will be paid to the South China Sea since it is widely regarded as a potential crucible of regional conflict.⁵⁵ Pointedly, military strategists in Southeast Asia tend to see China's naval modernization as putting muscle behind Chinese claims of sovereignty and enhanced influence over regional affairs.⁵⁶

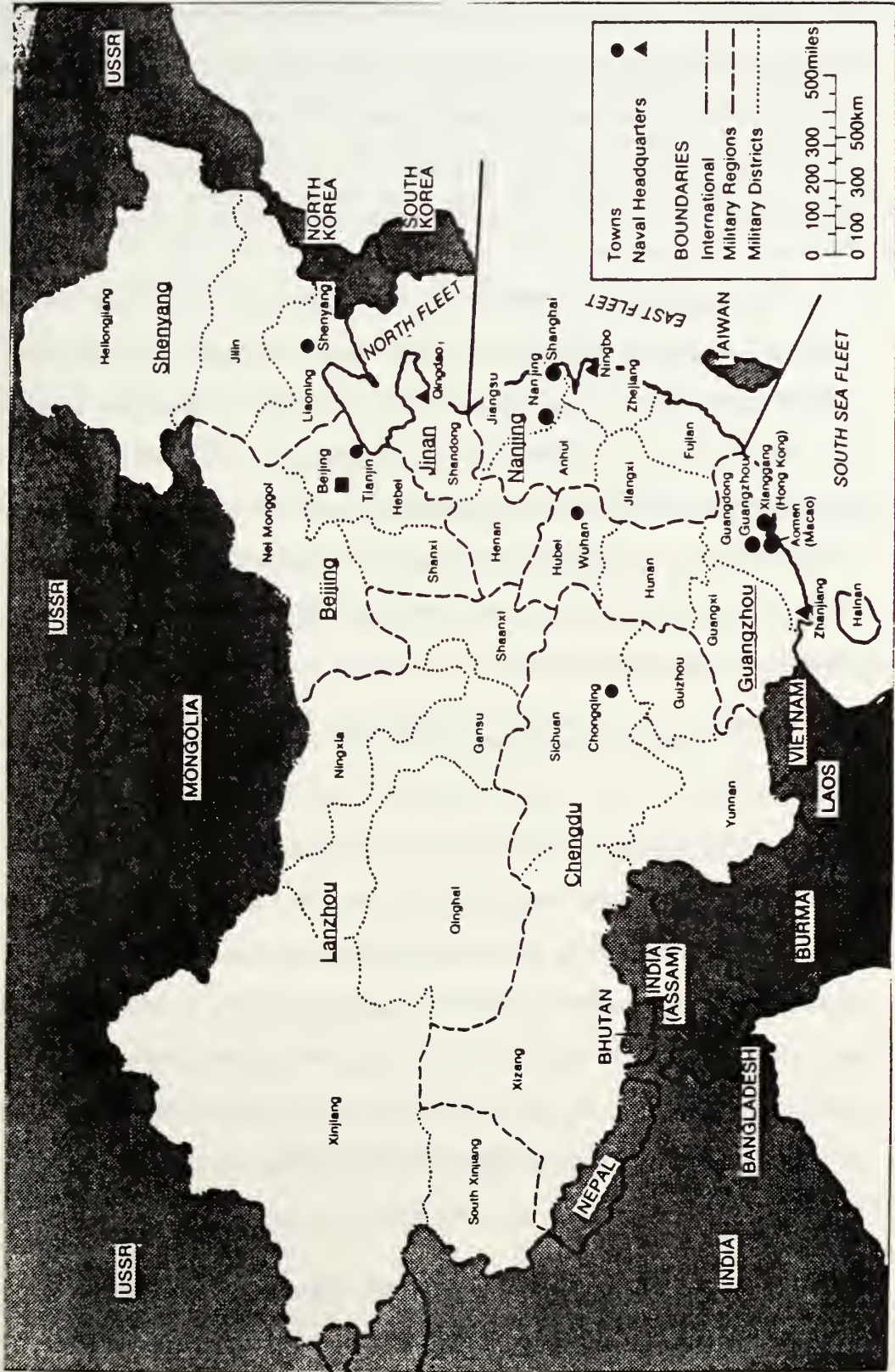
Indeed the mid-to-late 1980s provided instructive illustrations of China's air and naval power projection capabilities. Long range naval air force bombers conducted exercises in the Pacific for the first time in 1986 and in 1987. One year

^{54.} *Asian Wall Street Journal Weekly*, 10 December 1990.

^{55.} *Far Eastern Economic Review*, 4 July 1991.

^{56.} J.N. Mak, "The Chinese Navy and the South China Sea: A Malaysian Assessment," *The Pacific Review*, Vol. 4 No. 2, 1991, pp. 150-161.

China's Military Regions and Sea Fleet Commands



Source: *Military Balance 1989-1990* (London: International Institute for Strategic Studies, 1989)

prior to the China's naval engagement with Vietnam, part of the East China Fleet conducted exercises in the disputed areas of the South China Sea. In 1988 there were large sea and air exercises in the East China Sea under simulated chemical and nuclear warfare conditions. In October 1989 the air force commander announced the acquisition of new radar systems permitting all-weather operations while in late 1989 the PLA navy held a long Pacific cruise.⁵⁷

These visible demonstrations all suggest that China has visions of being Number 1 in East and Southeast Asia and its growing navy is an overt manifestation of its new power. Chinese naval modernization is increasingly cited as a factor of considerable regional concern.⁵⁸ While Southeast Asian specialists generally view the Chinese navy as currently relatively weak technologically, nevertheless proximity to Southeast Asia and China's demonstrated willingness to use force to protect and advance its interests engenders considerable fear.

This concern has been exacerbated by an inherent contradiction between China's political and strategic interests in Southeast Asia. Political interests mandate improving ties with states in the region. Strategic interests on the other hand center on Chinese irredentism with respect to islands and territories in the region, liberally fueled by the drive to secure economic resources, especially rich oil and natural gas deposits surrounding the Spratlys. Geopolitics readily mixes with geoeconomics for the Spratlys also sit astride the direct route from the middle east oil fields across the Indian Ocean to the southeast Asian straits and on to Japan. In reality all of these interests should be seen as joined for they form

57. Gelber, "China's New Economic and Strategic Uncertainties," p. 666.

58. Mak, "The Chinese Navy and the South China Sea."

part of China's strategic response aimed at limiting the influence of other great powers in the region.

In discussions with Vietnamese counterparts in mid-1991, Chinese officials implied that progress was possible in the Spratlys dispute. China is actively promoting its new proposal that rival claimants put aside the question of sovereignty "for the time being" and instead jointly develop the islands.⁵⁹ To that end, the claimants met in Indonesia in July 1991 to explore possibilities for joint development. However no substantive results are apparent; indeed prospects for any significant steps towards jointly developing the Spratly's reputed massive oil deposits look to be very long term at best. First, the sovereignty issue remains an intractable obstacle creating an inherently unstable and dangerous context. Neither China nor any of the other nations have renounced claims of sovereignty. Second, in particular it is not clear why Vietnam would participate in joint development when it is in actual possession of a majority of the islands and currently may have the edge in military superiority on the islands.⁶⁰

As a result of Beijing's interests in the South China Sea, its future naval posture could well impinge far more on the regional states which sit astride those waters. Currently China's in depth ability to project its power in the South China Sea confronts several deficiencies. It would face considerable problems in sustaining operations in a major and extended conflict in the area. Of particular significance is the Chinese lack of air cover and shipboard anti-aircraft systems. Currently the Spratlys are virtually out of range of Chinese fighter aircraft (although they can be reached by Vietnamese and other regional fighters).

59. *Far Eastern Economic Review*, 8 August 1990.

60. *Far Eastern Economic Review*, 22 August 1991.

However static views are unwarranted as the technological balance is shifting. Indeed technological advances in Chinese warship design, while not state of the art, have substantially improved the navy's regional war fighting capability. Perhaps most important has been the recent improvements to China's submarine force noted above, improvements providing China a submarine force which could be used with devastating effect in the South China Sea. Although the diesel electric submarine force still remains over 80 per cent obsolete design, the force would prove very capable in a range of operations, especially minelaying.⁶¹ China would also have a substantial advantage in regional submarine warfare not least because it has conducted by far the most detailed hydrographic surveys of the area.

With the reduction in tensions between China and the former Soviet Union, most of China's new defense spending is being allocated to new weapons and upgrading of the Navy and Air Force. As discussed earlier in this paper, these decisions reflect China's new appreciation of its maritime interests and its new maritime strategy. In a move of singular importance for Chinese naval operations in Southeast Asia, Beijing has apparently concluded a provocative \$1 billion agreement with Moscow to acquire a squadron of twenty four SU-27 combat aircraft--an agreement which includes advanced weapons and logistical support. Three Su-27 fighters are reported to have been received by the PLA Air Force and to be currently stationed at an airbase near Shenyang in northern China.⁶² One of the most likely uses of Su-27s is deployment from bases on Hainan Island to provide air cover for the Chinese navy in the South China Sea,

⁶¹. Grazebrook, "More Ships, More Sailors for Regional Navies," p. 69.

⁶². *Far Eastern Economic Review*, 5 September 1991.

especially over the Spratly Islands.⁶³ When deployed, China's Su-27s will decisively alter the military balance in Southeast Asia as China will have an air capability encompassing all of the region and indeed beyond to South Asia as well.

In the interim, extending the range of Chinese aircraft is vital: currently, for example, naval reconnaissance aircraft operating from Hainan Island have only a few minutes loiter time over the low-lying Spratlys. The navy must have maritime air power if it is to become an effective, three-dimensional force in the South China Sea.⁶⁴ Nevertheless regional navies can not assume a nonchalant posture concerning the operational reach of the PLA naval and air forces. To support its naval operations China has placed top priority on acquiring air-to-air refueling capability. Rebuffed by the Coordinating Committee on Multilateral Export Controls (COCOM) which refused to sanction the provision of air-to-air refueling capability to China from the West, China is known to have acquired second-hand American mid-air refueling technology from Iran.⁶⁵ Estimates of when China could develop an operational capability in mid-air refueling vary from 2-5 years. Reports do indicate that China has yet to find a suitable tanker aircraft. However a version of the Yun 8c transport aircraft, first flight-tested in

63. *Far Eastern Economic Review*, 8 August 1991.

64. Mak, "The Chinese Navy and the South China Sea, p. 153.

65. *Far Eastern Economic Review*, 8 August 1991. In partial payment Beijing has forwarded Chinese weapons and Chinese nuclear assistance to Tehran. In response to initial reports that China had transferred nuclear weapons to Iran, Beijing eventually provided some details of its nuclear cooperation arrangement with Iran: according to a Foreign Ministry statement, in 1989 and 1991 Chinese companies signed commercial contracts to provide Iran with a minitype reactor and an electromagnetic separator that produces fissionable isotopes "used in medical research and treatment". *New York Times*, 5 November 1991. U.S. officials, however, claim that China has provided Iran with critical equipment to develop nuclear weapons, including technology to enrich uranium to weapons-grade quality. It is believed that Iran is at an early stage in its nuclear weapons program. *Los Angeles Times*, 31 October 1991.

1990, will likely be developed to fulfill the role.⁶⁶ Although providing fighter cover over the Spratlys using mid-air refueling would be a complicated operation, a new generation of western avionics in some of China's fighter aircraft together with navigational aids in the Paracels and possibly even in the Spratlys makes it more feasible.

Several additional developments emphasize China's continuing efforts to redress weaknesses in maritime air cover. First, in 1990 China established a new airfield on one of the Paracel Islands. This has now extended southward a modicum of land based air cover for the Chinese fleet. Second, China's lack of air cover is being mitigated partly by the ongoing decline in the operational readiness of the Vietnamese air force. Partly as a result from prodding by Beijing, Soviet technicians, who played a major role in servicing Hanoi's combat aircraft, have now been withdrawn from Vietnam. Third, the Chinese Navy is trying progressively to improve its shipboard anti aircraft systems. Finally, unverified reports continue to surface that China is building an aircraft carrier at an undisclosed site. Certainly, on several occasions, China has appeared very close to acquiring an aircraft carrier. Most recently, Chinese officials have expressed interest in the Russian navy's aircraft carrier program, in particular the 65,000 ton Tbilisi, the latest and largest Russian carrier. Notably, the Su-27 fighter can be easily operated from a carrier and the Tbilisi itself carries a complement of Su-27s which may explain Beijing's interest. The PLA navy is reported to be especially interested in the "ski ramp" system the Russians use to launch their aircraft in contrast to the steam-catapult system used by the U.S. navy.⁶⁷ In the

66. *Far Eastern Economic Review*, 21 February 1991.

67. *Far Eastern Economic Review*, 21 May 1991.

meantime China's navy continues moving toward more helicopter carriers for use in the Spratlys.⁶⁸

While there are evident foreign policy and military reasons for Beijing to delay enforcing its claims in the South China sea, nevertheless foreign policy considerations are subject to the vagaries of the political scene in Beijing. Meanwhile China's military position in the South China Sea is becoming stronger. For nations in the region the critical question is whether China is interested in the peaceful settlement of issues or is China negotiating for tactical advantage, while ultimately relying on superior military power? With these questions unanswered, Southeast Asian countries are likely to base their strategic planning for the South China Sea on pessimistic scenarios. This partly explains the on-going naval modernization in Southeast Asia: regional actors appear to be planning for a significantly reduced American naval presence and a much more vigorous Chinese naval role in the South China Sea.⁶⁹

The Chinese, Japanese and Indian navies are all in the process of redefining their spheres of influence. China has been especially agitated and wary of every nuance in Japan's naval rearmament. A significant feature of current Chinese views of Japan is the perception that militarism will play a significant role in Japanese politics with the prospect of renewed Japanese expansionism. Thus from Beijing's perspective, China must have a dominant military voice in the region to offset, at a minimum, Japan's expanding economic and potential military influence in Southeast Asia.⁷⁰ Beijing has also

68. Clare Hollingworth, "Difficult Times for PLA," *Asia-Pacific Defence Reporter*, vol. xviii, nos. 6/7, December 1991/January 1992, p. 39.

69. *Christian Science Monitor*, 2 January 1991 and *Far Eastern Economic Review*, 7 November 1991.

70. Robert S. Ross, "China's Strategic View of Southeast Asia: A Region in Transition," *Contemporary Southeast Asia*, vol. 12, no. 2, (September, 1990) p. 114.

visibly indicated its rejection of New Delhi's claims to the Indian Ocean by dispatching a naval flotilla in the mid 1980s to Sri Lanka, Bangladesh, and Pakistan. As a means of preempting these other two Asian naval powers, it is very likely that China will seek a more varied and closer relationship between the PLA navy and some of the developing regional navies. Thailand has already acquired 6 frigates from China and there has been some speculation that Beijing might lease or sell a Han class nuclear attack submarine to Pakistan.⁷¹ This determination to resist a superior Japanese or Indian naval role in the Indian Ocean and Southeast Asia gains strength as China's becomes ever more determined to advance its economic and diplomatic interests paced by its surging maritime trade.

The Chinese will undoubtedly push to substantially enhance their regional ties especially if it seems that the U.S. naval presence in the region will be sharply cut back. Chinese maritime interests in the region focus in particular on the sea lanes and straits. Visits by senior naval chiefs have occurred as part of the influence building process and future steps are likely to include symbolic port calls, naval exercises, intelligence sharing, and joint defense planning. All of this will occur over a relatively lengthy period of time and is unlikely to be fully welcomed by leading regional actors.

Indeed, unsettled by the rapid collapse of the Soviet Union and fearing retrenchment by the United States, Southeast Asia remains wary of China as a security guarantor of the region. Several of the Asean states, including

⁷¹. *Far Eastern Economic Review*, 6 September 1990.

Singapore, Indonesia and Malaysia, have assumed heavier defense burdens rather than turn to China or other regional powers.⁷²

Recent agreements between Singapore and the United States over American access to Singaporean bases give a graphic indication of regional concern. Singapore's initial agreement in 1990 permitting the U.S. to use naval and air facilities on the island Republic was designed to encourage American forces to remain in the region after the projected withdrawal from bases in the Philippines in the mid-1990s. Regional fears of an even earlier American departure were seemingly confirmed when Philippine President Corazon Aquino issued a formal notice in late December 1991 for the United States to leave its sprawling naval facilities at Subic Bay by the end of 1992 rather than later in the mid-1990s.⁷³ Fearing that the region might then be fatally exposed to emerging naval rivalries between China, India and Japan, the Singapore government subsequently agreed to expand the 1990 agreement by permitting the logistical command of the Seventh Fleet to move to Singapore from Subic Bay. Terms of this new expanded accord were announced by President Bush during his January 1992 visit to Singapore.⁷⁴

Discussions also continue between the United States and Malaysia, Brunei and Indonesia over American use of other regional military facilities. The expanded arrangements with Singapore and other potential accords in Southeast Asia fit new U.S. plans to create a security network that will rotate ships and

72. In 1991 Singapore, with 55,000 in its armed forces, spent \$1.74 billion on defense or more than 5% of GDP. Malaysia too spent over \$1.7 billion on its defense in 1991 an increase of 11% over the previous year. Data calculated from *The Military Balance, 1991-1992*, in the *Asia-Pacific Defence Reporter 1992 Annual Reference*, vol. xviii, nos. 6/7, December/January 1992.

73. *Christian Science Monitor*, 2 January 1992.

74. *New York Times*, 4 January 1992.

aircraft through a series of small bases from Southeast Asia to Guam to Alaska. While such accords assist the projection of American power in the Pacific, it is vital to emphasize that willingness in the region to permit American use of military facilities stems largely from very real fears that Southeast Asia is becoming a conflict zone of emerging Asian naval rivalries. Although some analysts dismiss the belief that a security "vacuum" in Southeast Asia would be created without a significant American naval presence, active key regional political practitioners remain convinced that real dangers exist. As Singapore's former Prime Minister and currently Senior Minister Lee Kuan Yew stated:

Nature does not like a vacuum. And if there is a vacuum, we can be sure somebody will fill it....If Americans are not around, they (the Japanese) cannot be sure who will protect their oil tankers. So they have to do something themselves. That will trigger the Koreans who fear the Japanese, then the Chinese. Will India then come down to our seas with two aircraft carriers? It could be a disastrously unstable state of affairs....The American presence in my view, is essential for the continuation of international law and order in East Asia.⁷⁵

Overall the buildup of China's naval force should be seen as a central component of new naval rivalries in the region and key to Beijing's efforts to expand its regional influence. Chinese leaders have defined their geo strategic importance through the possession of a large naval, air and ground capability coupled with nuclear weapons. So far this military capability has been confined to the immediate geographical area and used sparingly. Nevertheless, a sharper relationship between naval power, economic interests and diplomacy is evolving. For example, as the fleet continues expanding the Chinese will have the option of gunboat diplomacy as a means of achieving political and economic objectives. Indeed Beijing wasted little time in flexing the navy's muscles in the Spratlys. Events looming on the horizon will further shape security perceptions

⁷⁵. *Straits Times Weekly Overseas Edition*, 21 December 1991.

of China held by neighboring countries. The stationing of Chinese warships in Hong Kong in 1997 will highlight the appearance, if not the reality, of China as a major naval power in the Western Pacific.⁷⁶

6. Concluding Assessment: Chinese Naval Power and Maritime Security in Southeast Asia

With the end of the Cold War and the breakup of the Soviet Union, Beijing sees no imminent seaborne threats to China. Consequently Chinese decision makers have seized the current window of peace to advance a three phrase program for naval modernization. China intends on becoming a blue water naval power. Its naval planners are aiming to create a first class regional and then global naval capability. The new naval balance of power being crafted will have profound significance in international relations, particularly in the Asian-Pacific region.

Although the long term goal remains distant, the regional impact of China's shift from a coastal defense capability to a green water defense is already apparent. China's recent economic development has been centered on its coastal provinces while virtually all of China's vital export trade is seaborne. Vast maritime resources wait to be developed and China is determined to put naval muscle at the service of its economic interests in the exploitation of offshore assets. Economic development, the need to defend vital sea lanes and offshore resources, modernization of naval force projection capabilities, a shift in security planning to local rather than major conflicts--all of these trends reinforce

⁷⁶ . Klintworth, *China's Modernization*, p. 47.

China's regional aspirations. Will a powerful Chinese navy help secure the regional peace or provoke an ominous countervailing naval arms race?

Currently Beijing seems intent on establishing the seas around China as a Chinese protective sphere. Naval actions are projected further and further from the mainland: as the Chinese navy ventures forth, it is bound to become entangled with overlapping Indian and Japanese maritime spheres. However, the most likely foreseeable confrontation centers on the economically vital and maritime dependent Southeast Asia region. For China, the South China Sea is viewed as its "lake" and southern maritime frontier. It is here that overlapping jurisdictions, rival claims and extensive economic stakes will test the resolve of China, Japan, India and Asean. Increasingly Southeast Asia looks to be a new zone of naval rivalry. Southeast Asia is also a region where the United States has a huge investment in raw resource developments, manufacturing plants, financial institutions and other services as well as a soaring two-way trade not to mention long standing political relations with the Asean states.

As American and regional decision makers contemplate the new set of circumstances arising from the reshaping of America's policies toward Asia,⁷⁷ it is vital to acknowledge that any substantial *reduction* in the American presence in Asia will inevitably mean a substantial *increase* in the importance of regional hegemony and in the case of China, potentially closer relations between Beijing and Tokyo. Although China remains wary of Japan's military potential, there may be impressive economic as well as political opportunities for long term arrangements between the two.⁷⁸ Japan is the singular country best able to

⁷⁷. For a discussion of the potentially enormous implications for Asia of America's new "reconstitution strategy," see Edward A. Olsen, "A New American Strategy in Asia," *Asian Survey*, vol. xxxi, no. 12 (December 1991) 1139-1154.

⁷⁸. Gelber, "China's New Economic and Strategic Uncertainties," p. 660.

provide China with capital and technology while Japan in turn seeks an enhanced regional role commensurate with its economic power. China is already one of Japan's largest overseas manufacturing bases: in the second half of the 1980s over \$2 billion was invested by Japanese business in factories in China and billions more sunk into Hong Kong catering to the China trade.

Active diplomatic initiatives may also herald much friendlier Sino-Japanese political relations. In a breathtaking and dramatic signal of potentially rapid new directions in relations between East Asia's giants, 1992 started with announcements of China's Communist Party General Secretary Jiang Zemin's visit to Tokyo in June 1992 and Tokyo's active consideration of sending Emperor Akihito on a state visit to China in the fall of 1992.⁷⁹ With China still unpopular in the West, some analysts had earlier argued that Japan is creating a niche as a middleman between Beijing and the West.⁸⁰ However it may be that these unfolding developments portend a return to an older international order in Asia, an order designed to fit revived ambitions commensurate with the great power goals being set by China and Japan. To see these developments as only part of a "middleman" exercise may prove to be unwise.

Although a Sino-Japanese accommodation might provide some short term benefits for regional security, it remains quite uncertain whether a close partnership between Tokyo and Beijing is in either America's longer term regional or global interests or in the interests of America's friends elsewhere in the Asia-Pacific region. Indeed Southeast Asian and American decision makers

79. Chinese Prime Minister Li Peng is reported to have stated that Jiang's Zemin's visit to Tokyo would be "of great significance" and that if Tokyo follows through with a visit to China by Emperor Akihito and Empress Michiko they "would be warmly welcomed." *Los Angeles Times*, 5 January 1992.

80. *Far Eastern Economic Review*, 22 August 1991.

should be under no illusions--improbable though its creation may seem today, a tight entente between a technologically advanced and fabulously wealthy Japan and a huge, tenacious and dissatisfied China would immediately create a formidable East Asian power center and strikingly shake the global balance of power.

Certain implications for Southeast Asia and the United States emerge from the analysis in this paper. It is in the interests of Southeast Asia and the United States to enhance further America's economic presence in the region. A vigorous and substantial American economic presence by itself may work toward deterring potentially hegemonic adventurism by China, and either Japan or India for that matter. However, given American domestic politics, the post Cold War era, and the Gulf War experience, retaining even a diminished American *strategic* commitment to the region may well depend on enhancing the *economic* benefits to the United States from its association with Southeast Asia. In an astute set of observations, Lee Kuan Yew has recently advised regional governments that:

If, over the next 10 years, America does not derive a substantial stake in the industrialization and the prosperity of East Asia, including ASEAN, there's bound to be a swing in public opinion in America. *It's not the job or duty of America to maintain the stability and the security of the Pacific for the benefit of Japan and the Asian nations....We must keep our markets open to the Americans. If we don't do that, we are stupid. The Americans have opened their markets...and allowed us to develop. It is in our interest to open our markets to America and make sure that the American manufacturing and their service sector find markets here. There must be economic reasons for continuing the American (security) role....There must be benefits for America in the development of the Western Pacific.*⁸¹

81 · Interview with Lee Kuan Yew by Nayan Chanda, *Asian Wall Street Journal Weekly*, 11 November 1991, emphasis added.

In turn, the policy choice confronting Washington is not between "full security engagement" through unaltered Cold War-era bilateral security relations in the Asia-Pacific or the "no security engagement" option seemingly favored by isolationist-inspired advocates of "Come Home, America." Rather the critical question is what type and degree of security engagement advances America's interests at an acceptable cost. In this regard, it would certainly seem unwise for the United States to leave vast American economic holdings in the Asia-Pacific region threatened by hostile erosion or exposed to the sole protection of potentially capricious and unstable regional governments.

Overall, in light of regional and American interests, the assessment presented in this paper points to the need for Washington and interested regional actors to reevaluate several key dimensions of prevailing political and security relations in Asia. In the United States, since 1989 punishing or sanctioning China has been regularly advanced in Congress and the American media as a necessary response to Tiananmen Square and as an expeditious means of influencing Chinese leaders to permit a democratic revolution. However prospects for democracy are currently very poor in China. Unlike the former Soviet Union a democratic leadership in or close to the ruling circles does not exist in China nor are China's current leaders isolated from their society. Indeed the leadership's strengthening control over internal security suggests that it understands very well enduring popular Chinese fears of chaos and internal disorder. Moreover China's economic performance is both substantially superior to that of the former Soviet Union and far more involved with international trade: in short, the Chinese economy is in no danger of imminent collapse. In brief, "Americans should abandon ill-founded assumptions that

they can transform China internally. Stringent sanctions are more likely to consolidate opposition to the United States than against China's leadership."⁸²

Critical changes are currently underway reshaping post Tiananmen relations between the United States, other western nations and China. First, high level visits to Beijing have been made by then Japanese Prime Minister Kaifu in August 1991, followed by British Prime Minister John Major in September and U.S. Secretary of State Baker's visit in November 1991. Second, the U.S. and its COCOM allies significantly eased restrictions in September 1991 on the transfer of high technology to China.⁸³ Although to a considerable degree the ban on weapons sales remains in force,⁸⁴ liberalizing COCOM export controls now offer China access to a wide range of technologies including telecommunications, computers, machine tools and sophisticated instruments.⁸⁵ Finally, the decision by the United States late in 1991 to lift sanctions on the sale of U.S. satellite parts and high speed computers to China⁸⁶ represents a realistic recognition in Washington of China's enduring and deepening regional importance.

82. Tucker, "China and America," p. 91. Lee Kuan Yew has also recently remarked that "America and East Asia are very different cultures. China developed in isolation, with little foreign influence, for thousands of years. The very young American culture is primarily derived from Europe. Given the ancient, complex cultural map of Asia, can we all of a sudden accept universal values of democracy and human rights as defined by America? I don't think a resolution of the U.S. Congress can change China." *Straits Times Weekly Overseas Edition*, 21 December 1991.

83. *Christian Science Monitor*, 28 October 1991.

84. For a discussion of the impact of sanctions on American exports of military equipment to China and the relatively lenient enforcement by Washington, see June Dreyer, "Military Relations: Sanctions or Rapprochement?" in William T. Tow, ed., *Building Sino-American Relations: An Analysis for the 1990s* (New York: Paragon, 1991) pp. 203-208.

85. China had been able to purchase many of the newly decontrolled products from Singapore and South Korea since they are not subject to COCOM export rules.

86. *New York Times*, 20 December 1991.

All these actions indicate a substantial reversal of the western imposed isolation of China. Washington should now follow these steps by initiating a more open process of rapprochement toward and engagement of China. Following the opposite course of punishment and isolation, a course which effectively seeks a break-up of China, runs very substantial risks for the U.S. and other regional actors. In this regard, Cold War-inspired analogies to the Soviet Union are misleading: pushing China to the brink in ways similar to those pursued against the former Soviet Union would impose severe security and economic costs in the Pacific without having much chance of success. For several reasons, it is most unlikely that the United States could craft together an anti-Chinese coalition similar to the anti-Soviet coalition of the Cold War period. First, regional actors, preeminently Japan and the "little dragons," seek accommodation not confrontation with China. Second, China hardly poses a Cold War "Soviet-style" security threat to the United States. China does however have the capability of disturbing the security landscape of East and Southeast Asia and thus upsetting the continued economic advance of the region. Although relations between Washington and Beijing remain cool and American domestic politics makes the timing less propitious, nevertheless it is appropriate for political and defense planners in the U.S. to begin mapping out a political and security accommodation between China, the region and the United States.

Movement toward such an accommodation may serve several fundamental objectives including: reassuring America's friends and allies in the region who have a dual concern over a premature American withdrawal and a looming Chinese naval hegemony; precluding any budding Beijing-Tokyo axis, a development that might carry highly adverse consequences for regional security

and America's regional position; muting the extreme view expressed by some hard-liners in China's ruling circles over alleged American plots to overthrow the existing regime; and finally, enhancing prospects for shifting China's naval modernization in directions more favorable to regional and U.S. interests.

While this is not the place to spell out in detail a phased blueprint or road map for building towards regional naval confidence building and new naval relations, the lifting of restrictions in December 1991 on American exports of computers and satellite parts to China is an instructive and sensible development. Resuming the transfer of some types of American defense technology to China would also provide even further opportunities for building an accommodation with Beijing.

Both America and regional governments must base policies on prevailing reality: China intends on becoming a regional and ultimately a global power. Beijing is relentlessly moving forward with its plans for creating a green water and then a blue water navy. In these circumstances the American prohibition on military-to-military relations need to be reexamined. However simply permitting the resumption of some American defense exports is insufficient. An ambitious, dissatisfied and well-armed China could undermine delicate processes of economic and political advance currently underway from Taiwan to Thailand. Moreover legacies of the Cold War mandate certain continuing American responsibilities, notably providing an overarching protective shield for vulnerable smaller Asian states, for example, Taiwan and Singapore among others. *The cessation of hostilities with Moscow does not mean the United States can or should seek to ignore these Cold War-generated obligations or that the United States is now fortuitously released from them.* In pursuing its ultimate victory over the Soviet Union in the Cold War, the United States permitted, indeed indirectly

encouraged, unbalanced change in China--and indeed Japan as well--as Washington fashioned its anti-Soviet coalition. The resulting state apparatus and regional ambitions subsequently fashioned by both of these two countries now leaves lesser Asian states precariously exposed. In brief, joining with America in deterring a Soviet threat in the Cold War set in motion the unintended post Cold War challenges now confronting the region. Having been a party to their creation, the United States is now obligated to be a party to their resolution.

One cost-effective means of pursuing multiple economic, political and military goals in today's changing circumstances is to facilitate a security rapprochement between China and its neighbors. The United States needs to begin addressing Chinese participation in loose regional security arrangements. Indeed prospects of an Indian naval fleet asserting hegemony on the Indian Ocean side of the Strait of Malacca, Indonesia seeking to control the Sunda and Lombok Straits, China exerting a sovereignty in the South China Sea or across the Formosa Strait and Japan flexing both its economic and maritime capability all suggest the need for active multilateral efforts by Washington to safeguard a variety of regional security concerns in an area of vital economic, defense and political significance to the United States. Naval confidence building mechanisms need to be initiated as steps along this longer process of restructuring security relations in the region.

Overall, the challenge for the region is to refashion existing defense relations in ways which ultimately draw in diverse naval powers. Several critical pending issues exacerbate regional unease and preclude "business as usual": the future of American naval forces in Asia; potential deployments of the Chinese, Japanese and Indian navies; prospects of Chinese-Japanese tensions

at sea; the protection of an economically vibrant and democratizing yet vulnerable Taiwan; the indeterminate future roles of the Russian Republic's navy; and the impact of a unified Korean navy as an actor in both East and Southeast Asia. A U.S. naval presence in the region may provide an essential underpinning for stability while creating the opportunity for evolving regional bilateral and trilateral security relations to address these pressing issues.

Current regional political and naval trends indicate that the United States could promote regional and American economic and security interests by working with interested Asian countries to design a loose yet inclusive and textured multi-layer set of security relations in the Asia-Pacific region. Maintaining a naval commitment in the region and actively crafting a flexible inclusionary multilateral maritime security framework embracing regional powers like China and other interested Asian-Pacific naval powers would provide tools for muting potentially dangerous new naval capabilities and rivalries and thus enhancing the security of vulnerable smaller states in East and Southeast Asia.

APPENDIX 1

China's Naval Order of Battle: 1981-1991

	<u>1981</u>	<u>1991</u>
Personnel:	360,000: Naval Air Force (38,000) & Marines (38,000)	260,000: Naval Air Force (25,000) & Marines(6,000)
Strategic Submarines:	1 <i>Golf</i>	1 <i>Xia</i> SSBN
Tactical Nuclear Submarines:	2 <i>Han</i> SSN	4 <i>Han</i> SSN
Conventional Submarines:	102: 80 <i>Romeo</i> , 20 <i>Whiskey</i> , 2 <i>Ming</i>	88: 3 Improved <i>Ming</i> , 1 Modified <i>Romeo</i> , 84 <i>Romeo</i> (only 34 operational)
Destroyers:	15: 11 <i>Luda</i> , 4 <i>Anshan</i>	19: 2 modified <i>Luda</i> , 15 <i>Luda</i> , 2 <i>Anshan</i>
Frigates:	17: 5 <i>Jianghu</i> , 3 <i>Jiangdong</i> , 5 <i>Jiangnan</i> , 4 <i>Chengdu</i>	37: 26 <i>Jianghu</i> (with 4 variants),2 <i>Jiangdong</i> , 5 <i>Jiangnan</i> , 4 <i>Chengdu</i>
Missile & Torpedo Craft:	195	375
Mine Counter-Measures Craft:	20	127

(Continued on next page)

1981 . 1991

Major Amphibious Craft:	36	61
Support Ships:	na	2 Ocean <i>Fuqing</i> Replenishment Ships, 30 Coastal Replenishment Ships, 9 Submarine Support Ships
Marines:	38,000	6,000: 1 Brigade (8 Divs with Mobilization, 3 Army Amphibious Divs)
Naval Air Force Bombers:	100 Tu-16 <i>Badgers</i> , a few Tu-4 <i>Bull</i> , about 450 Il-28 <i>Beagles</i> , 100 Tu-2	30 H-6, some reported with Air-Launched Cruise Missiles
Fighter/Ground Attack Aircraft:	500 F-4 and A-5	100 Q-5
Fighters:	4,600 F/5/6/7/8	600, incl J-5/6/7

Source: *Military Balance 1981-1982* (London: International Institute for Strategic Studies, 1981) *Military Balance 1991-1992* (London: International Institute for Strategic Studies, 1991) included with *Asia-Pacific Defence Reporter 1992 Annual Reference*, vol. xviii, nos. 6/7, Dec.1991/January 1992.

APPENDIX 2

Major Chinese Naval Bases and Fleet Deployments

North Sea Fleet

Bases: Qingdao (HQ)
 Dalian
 Huludao
 Weihai
 Chengshan
 9 Coastal Defense
 Districts

Forces: 2 Submarine Sqns
 3 Escort Sqns
 1 Mine Warfare Sqn
 1 Amphibious Sqn
 Bohai Gulf Training Flotillas
 Approx. 325 Patrol and Coastal
 Combatants

East Sea Fleet

Bases: Shanghai (HQ)
 Wusong
 Dinghai
 Hangzhou
 7 Coastal Defense
 Districts

Forces: 2 Submarine Sqns
 2 Escort Sqns
 1 Mine Warfare Sqn
 1 Amphibious Sqn
 Approx. 270 Patrol and Coastal
 Combatants
 Marines: 1 Cadre Div

South Sea Fleet

Bases: Zhanjiang (HQ)
 Shantou
 Guangzhou
 Haikou
 Yulin
 Beihai
 Huangpu
 Outposts on Paracel
 and Spratly Islands
 9 Coastal Defense Districts

Forces: 2 Submarine Sqns
 2 Escort Sqns
 1 Mine Warfare Sqn
 1 Amphibious Sqn
 Approx. 320 Patrol and Coastal
 Combatants
 Marines: 1 Brigade

Source: *Military Balance 1991-1992* (London: International Institute for Strategic Studies, 1991) included with *Asia-Pacific Defence Reporter 1992 Annual Reference*, vol. xviii, nos. 6/7, December 1991/January 1992.

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